

## Message Text

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ORIGIN EUR-25

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TO AMEMBASSY BONN

INFO USMISSION NATO

USCINCEUR

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E. O. 11652: N/ A

TAGS: EFIN, GW

SUBJECT: FRG REQUEST FOR INFO ON STATIONING COSTS.

REF: BONN 3022 AND BONN 4030.

FOLLOWING MAY BE GIVEN TO MINISTRY OF FINANCE IN RESPONSE  
TO RECENT REQUEST FOR INFORMATION ON COSTS OF STATIONING  
U. S. FORCES IN GERMANY IN 1971 AND 1972: ( BEGIN STATE-  
MENT): THE USG LOOKS AT TROOP STATIONING COSTS FROM TWO  
PRINCIPAL POINTS OF VIEW -- BUDGETARY COSTS AND BOP COSTS.

### I. BUDGETARY COSTS IN NATO EUROPE AND GERMANY:

ONE MEASURE OF THE COST TO THE U. S. OF ITS FORCES IN  
EUROPE IS THE TOTAL ANNUAL COST FOR THE GENERAL PURPOSE  
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FORCES CONSTITUTING ITS FORMAL COMMITMENT TO THE NATO ALLIANCE. FOR THOSE FORCES STATIONED IN EUROPE, THOSE BASED IN THE U. S. READY FOR EARLY DEPLOYMENT TO EUROPE, AND THE SUPPORT COSTS ASSOCIATED WITH THESE FORCES, THE DOD HAS ESTIMATED THAT DURING 1971 AND 1972 TOTAL COSTS WERE APPROXIMATELY \$14 BILLION ANNUALLY.

ABOUT \$7 BILLION OF THE \$14 BILLION WAS RELATED TO THE COST OF U. S. COMBAT FORCES ACTUALLY IN EUROPE AND THEIR U. S.- BASED SUPPORT -- I. E., THE COST OF NEW EQUIPMENT, AND A PROPORTIONATE SHARE OF U. S.- BASED TRAINING AND LOGISTICS SUPPORT. WE REGARD THIS FIGURE AS MOST ACCU-

RATELY REPRESENTING THE BUDGETARY COST OF OUR FORCES IN THE EUROPEAN AREA. THERE IS NO BREAKDOWN OF THIS FIGURE TO PROVIDE THE BUDGETARY COST OF FORCES IN THE FRG.

## II. BALANCE OF PAYMENTS COSTS FOR NATO EUROPE AND GERMANY:

IN ADDITION TO LOOKING AT OUR EXPENSES IN BUDGETARY TERMS, WE ALSO CONSIDER BALANCE OF PAYMENTS COSTS. INCLUDED IN THIS CALCULATION ARE BOTH OFFICIAL EXPENDITURES COVERING ITEMS SUCH AS SALARIES OF LOCAL EMPLOYEES, LOCAL PROCUREMENT, ETC., AND PERSONAL SPENDING ON THE LOCAL ECONOMY BY MEMBERS OF OUR FORCES AND THEIR DEPENDENTS. THE BOP COST FOR NATO EUROPE IN FY 1972 WAS \$2.137 BILLION AND FOR FY 1971 IT WAS \$1.815 BILLION.

U. S. DEFENSE EXPENDITURES ENTERING THE INTERNATIONAL BALANCE OF PAYMENTS IN GERMANY AMOUNTED TO \$1.388 BILLION IN FY 1972 AND \$1.176 BILLION IN FY 1971. THE TOTALS ARE BROKEN DOWN AS FOLLOWS IN \$ MILLIONS :

FY 1971    FY 1972

SALARIES FOR FOREIGN NATIONALS	\$258.0	\$328.9
MAJOR EQUIPMENT	8.7	6.2
CONSTRUCTION	47.7	45.9
NATO INFRASTRUCTURE	5.0	5.2
POL	13.5	19.8
MATERIALS AND SUPPLIES	46.0	48.9
SERVICES	166.5	223.9
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OTHER PAYMENTS	40.0	50.4
PERSONAL SPENDING	590.6	659.0

( END STATEMENT)    ROGERS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

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